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Order 2002-7-4

Served: July 8, 2002



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Issued by the Department of Transportation
on the 2nd day of July, 2002

Essential Air Service at

EXCURSION INLET, ALASKA

Under 49 U.S.C. 41731 *et seq.*

DOCKET OST-2002-12014 - 2

**ORDER PROHIBITING SUSPENSION OF SERVICE
AND REQUESTING PROPOSALS**

Summary

By this order, the Department is prohibiting L.A.B. Flying Service, Inc. (L.A.B.), from suspending its unsubsidized service at Excursion Inlet, Alaska, and requesting proposals from carriers interested in providing replacement service.

Background

On April 1, 2002, L.A.B. filed a 90-day notice of its intent to suspend service at Excursion Inlet. L.A.B. is the only carrier serving the community, and currently provides three round trips a week to Juneau with 10-seat Piper aircraft.

Essential Air Service and Traffic History

Excursion Inlet's essential air service guarantee, as defined by Order 80-1-167, consists of three round trips per week during peak season and one round trip per week during the off-peak to Juneau with up to two intermediate stops and 10-seat or fewer aircraft.

In calendar year 2001, Excursion Inlet generated a total of 634 O&D passengers. This represents a significant drop from calendar year 2000, when the community generated a total of 1,405 O&D passengers. In addition, the community generated significant cargo and mail volumes.

Request for Proposals

We request that any carriers interested in providing essential air service at Excursion Inlet file proposals within 20 days of the date of service date of this order. We ask that carriers submit proposals consistent with the community's EAS determination. In addition, proposals should provide sufficient capacity to accommodate historical levels of traffic, especially on the

Juneau to Excursion Inlet segment because of directional imbalance of traffic.¹ Specifically, we request proposals for three round trips a week during the peak season and one round trip per week during off-peak between Excursion Inlet and Juneau using small aircraft. If larger aircraft are proposed, reduced frequencies might be able to accommodate historical traffic. Of course, as always, we will formally solicit the community's views on any service options we receive before making a long-term carrier selection decision. In order to assist carriers in making their traffic and revenue forecasts, we have included historical traffic data, including mail and cargo data, in Appendix A.

Procedures for Filing Proposals

For interested carriers unfamiliar with our procedures and recommended form for supplying the necessary information, we have prepared two explanatory documents that we will make available upon request. The first describes the process for handling carrier replacement cases under 49 U.S.C. 41734(f) and discusses in detail the process of requesting proposals, conducting reviews of applicants, and selecting a replacement carrier. The second is an evidence request containing an explanatory statement, a copy of Part 204 of our regulations (14 CFR 204), and schedules setting forth our recommended form for submitting data required for calculating compensation and determining the financial and operational ability of applicants to provide reliable essential air service. (Section 204.4 describes the fitness information required of all applicants for authority to provide essential air service.) Applicant carriers that have already submitted this information in another case need only resubmit it if a substantial change has occurred.

However, if there are more recent data or if there have been any changes to the information on file, carriers should provide updates of those information elements. Interested carriers that need to obtain copies of these documents may contact the Office of Aviation Analysis at (202) 366-1053.

Other Carrier Requirements

The Department is responsible for implementing various Federal statutes governing lobbying activities, drug-free workplaces and nondiscrimination.² Consequently, all carriers receiving Federal subsidy to support essential air service must certify that they are in compliance with Department regulations regarding drug-free workplaces and nondiscrimination, and those carriers whose subsidies exceed \$100,000 over the life of the rate term must also certify that they are in compliance with the regulations governing lobbying activities. All carriers that plan to submit proposals involving subsidy should submit the required certifications along with their proposals. Interested carriers requiring more detailed information regarding these requirements, as well as copies of the certifications, should contact the Office of Aviation Analysis at (202) 366-1053. The Department is prohibited from paying subsidy to carriers that do not submit these documents.

¹ Typically in Alaska, mail and freight flows are asymmetrical, with up to 90% of total mail and freight flowing outbound from the hub to the EAS communities.

² The regulations applicable to these areas are: (1) 49 CFR Part 20 – New restrictions on lobbying; (2) 49 CFR Part 21 – Nondiscrimination in federally-assisted programs of the Department of Transportation – Effectuation of title VI of the Civil Rights Act of 1964; 49 CFR Part 27 – Nondiscrimination on the basis of disability in programs and activities receiving or benefiting from Federal financial assistance; and 14 CFR Part 382 – Nondiscrimination on the basis of disability in air travel; and (3) 49 CFR Part 29 – Government-wide debarment and suspension (non-procurement) and government-wide requirements for drug-free workplace (grants).

Community Comments

If we receive competing proposals, the community and state are welcome to submit comments on the proposals at any time. Early in the proceeding, comments on the proposals' strengths and weaknesses would be particularly helpful, and the civic parties may also express a preference for a particular carrier, if they choose. In any event, after conducting rate conferences with all applicants, we will provide a summary of the conference results to the civic parties and ask them to file their final comments.³

Decision

Since L.A.B. is the only carrier providing scheduled air service at Excursion Inlet, its proposed termination would eliminate all air service to the community. Thus, in accordance with 49 U.S.C. 41734, we must prohibit L.A.B. from suspending service at Excursion Inlet for an initial 30-day period beyond the end of the 90-day notice period, through July 31, 2002, or until suitable replacement service has been inaugurated at the community, whichever occurs first.⁴

This order is issued under authority delegated in 49 CFR 1.56a(f).

ACCORDINGLY,

1. The Department requests that carriers interested in providing essential air service at Excursion Inlet, Alaska, submit their proposals, with subsidy if necessary, within 20 days of the date of service of this order. Proposals should include all the data required by section 204.4 of the Department's Regulations (14 CFR 204.4). An original and five copies of the proposal should be sent to: EAS & Domestic Analysis Division, X-53, Office of Aviation Analysis, Room 6401, Department of Transportation, 400 7th Street, S.W., Washington, D.C. 20590, with the title "Proposal to Provide Essential Air Service at Excursion Inlet, Alaska, Docket OST-2002-12014";

2. The Department prohibits L.A.B. Flying Service, LLC, from suspending service at Excursion Inlet, Alaska, at the end of its 90-day notice period and requires it to maintain at least three round trips a week during peak season and one round trip per week during the off-peak season to Juneau, through July 31, 2002, or until a carrier capable of providing reliable essential air service actually begins service, whichever occurs first;

3. The Department directs L.A.B. Flying Service to retain all books, records, and other source and summary documents to support subsidy claims for payment and to preserve and maintain such documentation in a manner that readily permits its audit and examination by representatives of the Department. Such documentation shall be retained for seven years or until the Department indicates that the records may be destroyed. Copies of flight logs for aircraft sold or disposed of must be retained. The carrier may forfeit its compensation for any claim that is not supported under the terms of this order;

³ In cases where a carrier proposes to provide essential air service without subsidy and we determine that service can be provided reliably without such compensation, we do not normally hold rate conferences. Instead, we rely on the carrier's subsidy-free service as proposed.

⁴ In accordance with 49 U.S.C. 41734(c), we will extend L.A.B.'s service obligation for successive 30-day periods as necessary until replacement service actually begins.

4. Docket OST-2002-12014 will remain open until further order of the Department; and
5. The Department will serve a copy of this order on the Mayor and Airport Manager of Excursion Inlet, Alaska, the State of Alaska, L.A.B. Flying Service and the parties listed in Appendix B.

By:

READ C. VAN de WATER
Assistant Secretary for Aviation
and International Affairs

(SEAL)

*An electronic version of this document is available on the World Wide Web at
<http://dms.dot.gov>*

Historical Origin-Destination Traffic
at Excursion Inlet, Alaska¹

12 Months ended December 2000

	<u>1st Qtr.</u>	<u>2nd Qtr.</u>	<u>3rd Qtr.</u>	<u>4th Qtr.</u>	<u>Total</u>
<u>Passengers</u>					
EXI-JNU	6	127	453	89	675
JNU-EXI	5	241	472	12	730
	11	368	925	101	1,405
<u>Cargo (lbs.)</u>					
EXI-JNU	79	922	13,710	73	14,784
JNU-EXI	299	14,451	32,426	259	47,435
	378	15,373	46,136	332	62,219
<u>Mail (lbs.)</u>					
EXI-JNU	77	178	340	212	807
JNU-EXI	619	1,967	4,361	1,155	8,102
	696	2,145	4,701	1,367	8,909
Total PEQs ²	16	456	1,179	109	1,760

12 Months ended December 2001

	<u>1st Qtr.</u>	<u>2nd Qtr.</u>	<u>3rd Qtr.</u>	<u>4th Qtr.</u>	<u>Total</u>
<u>Passengers</u>					
EXI-JNU	2	62	116	0	180
JNU-EXI	1	298	143	12	454
	3	360	259	12	634
<u>Cargo (lbs.)</u>					
EXI-JNU	0	0	53,295	15	53,310
JNU-EXI	311	5,494	17,293	12	23,110
	311	5,494	70,588	27	76,420
<u>Mail (lbs.)</u>					
EXI-JNU	35	0	0	0	35
JNU-EXI	770	2,992	6,385	1,401	11,548
	805	2,992	6,385	1,401	11,583
Total PEQs ²	9	402	644	19	1,074

¹ Source: Airport Activity Statistics; Form 298-C, Schedule T-1; and Form 41, Schedule T-100.

² Passenger equivalents. Every 200 pounds of freight or mail is the equivalent of one person.

SERVICE LIST FOR THE STATE OF ALASKA

AAaron Air	Golden Plover Air
Aero Tech Flight Service, Inc.	Grant Aviation, Inc.
Air Excursions	Great Northern Air Guides
Air Lift Alaska	Gulf Air Taxi, Inc.
Air Madura	Gulf Aviation, Inc.
Alaska Air Carriers Association	Gulkana Air Service, Inc.
Alaska Airlines, Inc.	Hageland Aviation Services, Inc.
Alaska Bush Carrier, Inc.	Haines Airways, Inc.
Alaska Central Express, Inc.	Heli-Lift, Inc.
Alaska Coastal Airlines, Inc.	Homer Air
Alaska Fly'N Fish Charters	Hudson Air Service, Inc.
Alaska Flyers	Iliamna Air Taxi, Inc.
Alaska Helicopters, Inc.	Island Air Service
Alaska Island Air, Inc.	Island Wings Air Service
Alaska Seair Adventures	Jim Air, Inc.
Alaska West Air, Inc.	K2 Aviation
Aleutian Air, Ltd.	Kachemak Air Service, Inc.
Aleutian Specialty Aviation	Kachemak Bay Flying Service, Inc.
Amerijet International, Inc.	Katmai Air
Arctic Air Alaska, Inc.	Kenai Air Alaska, Inc.
Arctic Circle Air Service, Inc.	Kenai Aviation
Baker Aviation, Inc.	Kenai Fjords Outfitters, Inc.
Bellair, Inc.	Kenair
Beluga Lake Float Plane Service	Ketchikan Air Service, Inc.
Bering Air, Inc.	Ketchum Air Service, Inc.
Bran-Air & Branham Adventures	Kodiak Air Service
Camai Air	Koyukon Air, Inc.
Canning Air Service	Kupreanof Flying Service
Cape Smythe Air Service, Inc.	Kusko Aviation, Inc.
Cassaron Turbo Helicopters	L.A.B. Flying Service, Inc.
Chugiak Aviation	Larry's Flying Service
Clearwater Air, Inc.	Loken Aviation, Inc.
Coastal Helicopters, Inc.	Lone Star Airlines, Inc.
Cordova Air Service, Inc.	Lone Wolf Aero Services, Inc.
CPA Air Service	Maritime Helicopters, Inc.
Customized Alaskan Adventures	MarkAir Express, Inc.
Delta Connection	MarkAir, Inc.
Denali Air	Metroflight, Inc.
Egli Air Haul, Inc.	Midway Airlines, Inc.
Ellis Air Taxi, Inc.	Midwest Express Airlines, Inc.
Ellison Air, Inc.	Misty Fjords Air & Outfitting
ERA Aviation, Inc.	Mountain Aviation
F.S. Air Service, Inc.	Mountain Helicopters
Fishing and Flying	Nash West Aviation, Ltd.
Fiskehawk Aero Services	Natron Air
Forty (40) Mile Air, Ltd.	Nordic Air
Frontier Flying Service, Inc.	North Star Air Cargo, Inc.

SERVICE LIST FOR THE STATE OF ALASKA
(cont'd)

Northern Air Cargo, Inc.	Umiat Enterprises, Inc.
Northwest Airlink	Umiat Enterprises, Inc.
Olson Air Service, Inc.	Uyak Air Service, Inc.
Pacific Wing, Inc.	Vernair
Peninsula Airways, Inc.	Warbelow's Air Ventures, Inc.
Promech, Inc.	Ward Air
Ram Air, Inc.	Wings of Alaska
Ray Atkins Registered Guide	Woods Air Service, Inc.
Rediske Air, Inc.	Wrangell Mountain Air, Inc.
Reeve Aleutian Airways, Inc.	Wright Air Service, Inc.
Regal Air	Yukon Helicopters
Reid Air	Yutana Airlines, Inc.
Rust's Flying Service, Inc.	Yute Air Alaska, Inc.
Ryan Air Service, Inc.	
Scenic Mountain Air, Inc.	Alaska Juneau Aeronautics, Inc.
Seaside Air Service	Ken Bannon
Security Aviation, Inc.	E.B. Freeman
Seward Flying Service, Inc.	A. Edward Jenner
Silver Bay Logging, Inc.	John McFarlane
Skagway Air Service, Inc.	Kevin Thomas
Soloy Helicopters, Inc.	Pat Dempsey
Southcentral Air, Inc.	
Specialized Air Service	
Spernak Airways, Inc.	
Sunrise Aviation, Inc.	
Tamarack Air, Ltd.	
Tanana Air Service	
Taquan Air Service, Inc.	
Tatonduk Outfitters, Ltd.	
Temsco Helicopters, Inc.	
Totem Air	
Trans-Alaska Helicopters, Inc.	
Trans-Porter Alaska, Inc.	
Tundra Copters, Inc.	